



CARLSBERG MANAGEMENT COMPANY

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Chk # 037620

Amount 25.00

Rcvd By JP

Date 2-10-04

February 9, 2004

Via Airborne Express

Deborah Taylor Tate
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: **Hickory Star Water Company**
Union County, Tennessee

DOCKET NO.

04-00044

Dear Ms Tate

Please accept our petition for a rate increase in the minimum water rates for the area served by the Hickory Star Water Company. Enclosed you will find a check for \$25.00 made payable to the Tennessee Regulatory Authority and an original and thirteen copies of the application.

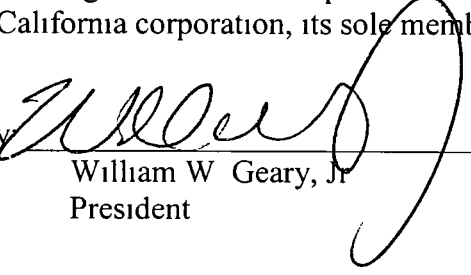
Sincerely yours,

HICKORY STAR WATER COMPANY, L L C
a Delaware limited liability company

By Hickory Star, L L C ,
a Delaware limited liability company, its sole member --

By Carlsberg Recreational Properties, Inc ,
a California corporation, its sole member

By



William W. Geary, Jr.
President

WWG/cs
Enclosures

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BEFORE THE TENNESSEE REGULATORY AUTHORITY

**IN RE: APPLICATION OF HICKORY STAR
 WATER COMPANY, LLC TO
 INCREASE ITS RATES**

No. _____

PETITION

Petitioner, HICKORY STAR WATER COMPANY, LLC, would respectfully show to the Authority as follows

1 That it is a utility company with its principal place of business located at 1360 Hickory Star Road, Maynardville, Tennessee 37807-3218

2 That it is a public utility as defined in T C A 65-4-201 and subject to the regulations of the Tennessee Regulatory Authority. It was granted its original Certificate of Convenience and Necessity from this Authority on November 24, 1999, and has since been operating a private utility in Union County, Tennessee

3 That pursuant to previous orders of the Tennessee Regulatory Authority, The following rate for monthly service was authorized (See Exhibit III)

4 Petitioner submits periodic financial statements to the Tennessee Regulatory Authority. The Exhibit attached hereto as Exhibit I reflects the financial results for 2002 and 2003. Petitioner further submits that there are numerous improvements to the water system which are necessary at this time, and that the total cost of such improvements is approximately \$56,000.00. An itemized list of necessary improvements is attached at Exhibit II.

Thus, Petitioner would show that in order to continue to operate and service its customers, and to eventually provide a rate of return on the owner's investment, existing rates should be increased as indicated on Exhibit IV.

WHEREFORE, PETITIONER PRAYS

1 That the Tennessee Regulatory Authority approve an increase in rates and tap fees as aforesaid

2 That this matter be set for a hearing at a very early date, for Petitioner needs immediate emergency relief

3 For such other relief as it may be entitled to

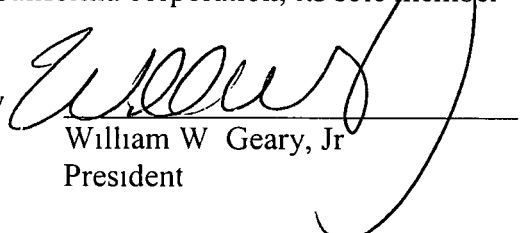
Respectfully submitted, this 9th day of February, 2004

HICKORY STAR WATER COMPANY, LLC
a Delaware limited liability company

By Hickory Star, L L C ,
a Delaware limited liability company,
its sole member

By Carlsberg Recreational Properties, Inc.,
a California corporation, its sole member

By



William W Geary, Jr
President

HICKORY STAR WATER INCOME INCOME STATEMENT DECEMBER 31, 2003 AND 2002

EXHIBIT I

	<u>2003</u>	<u>2002</u>
REVENUE		
WATER	\$ 31,418 36	\$ 19,225 92
SEWER	15,000 00	15 00
TAP FEES	4,655 23	30,605 98
OTHER	1,200 00	-
	<u>52,273 59</u>	<u>49,846 90</u>
OPERATION AND MAINTENANCE		
WATER PURCHASES	25,821 38	39,521 56
SEWER TREATMENT	14,469 00	16,633 45
EMPLOYEES	12,000 00	12,000 00
CHEMICALS	598 88	
MAINTENANCE AND REPAIRS	10,642 28	15,860 21
	<u>63,531 54</u>	<u>84,015 22</u>
DEPRECIATION	27,026 01	19,127 83
INSURANCE	296 32	-
INCOME TAXES	202 00	1,394 00
TOTAL OPERATING EXPENSES	<u>91,055 87</u>	<u>104,537 05</u>
NET OPERATING INCOME	(38,782 28)	(54,690 15)
OTHER DEDUCTIONS		
MANAGEMENT FEES	1,560 86	2,230 41
PROFESSIONAL FEES	2,380 60	1,314 78
TAXES & LICENSES	1,008 72	1,032 56
TRAVEL	988 87	
ADMINISTRATIVE		202 41
INTEREST		48 00
TOTAL OTHER DEDUCTIONS	<u>5,939 05</u>	<u>4,828 16</u>
NET INCOME (LOSS)	<u>\$ (44,721 33)</u>	<u>\$ (59,518 31)</u>

EXHIBIT II

Letter of Agreement
between
Division of Water Supply
and
Hickory Star Water System
PWSID # 0000899

Hickory Star Water System agrees to the following actions in order to bring the system into compliance with the Tennessee Safe Drinking Water Act and the Regulations promulgated thereunder:

1. The system agrees to continue flushing on a daily basis or as needed in order to maintain a minimum free chlorine residual of 0.2 parts per million (ppm) in the distribution system and to help meet the secondary iron limit of 0.3 ppm.
2. The system agrees to maintain flushing records. The records must include a master list of all dead-end lines and must include the date, location, time each line is flushed, and the free chlorine residual before and after flushing.
3. The system agrees to submit flushing records to the Knoxville Division of Water Supply office each month.
4. The system agrees to review construction plans and establish a schedule to replace all galvanized lines.
5. The system agrees to replace all galvanized lines by December 31, 2006, and replace the lines on Dogwood Lane by December 31, 2003
6. The system agrees to collect all routine microbiological samples from homes served by galvanized lines
7. The system agrees to submit as-built plans for all line replacements

We are available to assist Hickory Star Water System in meeting the requirements listed above. Please contact Greg Simcox at 423-594-5561 or me at 423-594-5515 for further assistance

Sincerely,



Steven P. Roberts
Manager, Knoxville Field Office
Division of Water Supply

cc: Nashville-DWS

Mike Churchill, Manager
Hickory Star Water System
Letter of Agreement
November 27, 2002

As an authorized representative of Hickory Star Water System I commit to the above listed actions numbers 1-7, by the dates specified, to bring the Water System into compliance with State and Federal Regulations. I understand that failure to meet the above commitments by the specified compliance schedules could result in further enforcement action by the Division of Water Supply. I also understand that failure to return this Letter of Agreement signed within 14 days of receipt could result in additional enforcement action by this Division.

 12/8/02
Name Date

General Manager.
Title

[illegible]

EXHIBIT III

HICKORY STAR WATER COMPANY, L L C

RATE SCHEDULE

WATER

Minimum 2,000 Gallons	\$18 38 per month*
Next 8,000 Gallons	\$6 83 / 1,000 Gallons per month*
Next 10,000 Gallons	\$6 38 / 1,000 Gallons per month*
Next 30,000 Gallons	\$5 70 / 1,000 Gallons per month*
All over 50,000 Gallons	\$5 25 / 1,000 Gallons per month*

SEWER

A If water service is provided by same utility

Minimum 7,500 Gallons	\$15 00 per month*
Next 2,500 Gallons	\$6 83 / 1,000 Gallons per month*
Over 10,000 Gallons	\$5 25 / 1,000 Gallons per month*

B If water service is not provided by same utility

Flat Fee	\$15 00 per month
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OTHER FEES

Tap Fee	\$585 Per New Water or Sewer Connection***
Deposit	\$50 Per Water or Sewer Meter Set***
Disconnection / Reconnection	\$50 Per Water or Sewer Disconnection
Customer's Request or for Good Cause	\$50 Per Water or Sewer Reconnection
Bills Due	On Billing Date
Bills Past Due	15 days after billing date
Billing Frequency	Monthly

* Subject to 9 25% Sales Tax

** If connection is for both water and sewer services, only one tap fee of \$585 is payable

*** If connection is for both water and sewer services, only one deposit of \$50 is payable

EXHIBIT IV

PROPOSED RATE SCHEDULE

HICKORY STAR WATER COMPANY, L L C

WATER

Minimum 2,000 Gallons	\$36 76 per month*
Next 8,000 Gallons	\$6 83 / 1,000 Gallons per month*
Next 10,000 Gallons	\$6 38 / 1,000 Gallons per month*
Next 30,000 Gallons	\$5 70 / 1,000 Gallons per month*
All over 50,000 Gallons	\$5 25 / 1,000 Gallons per month*

SEWER

Minimum 2,000 Gallons	\$15 00 per month*
Next 8,000 Gallons	\$6 83 / 1,000 Gallons per month*
Over 10,000 Gallons	\$5 25 / 1,000 Gallons per month*

OTHER FEES

Tap Fee	\$850 Per New Water or Sewer Connection***
Deposit	\$50 Per Water or Sewer Meter Set***
Disconnection / Reconnection	\$50 Per Water or Sewer Disconnection
Customer's Request or for Good Cause	\$50 Per Water or Sewer Reconnection
Bills Due	On Billing Date
Bills Past Due	15 days after billing date
Billing Frequency	Monthly

* Subject to 9 25% Sales Tax

** If connection is for both water and sewer services, only one tap fee of \$850 is payable

*** If connection is for both water and sewer services, only one deposit of \$50 is payable

NOTE

Hickory Star Water Company purchases its water from the City of Maynardville. Hickory Star Water Company reserves the right to pass on to its customers increases in the cost of water purchased from the City of Maynardville.